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C O N F I D E N T I A L SECTION 01 OF 03 PRETORIA 002385

SIPDIS

IO/MPR FOR M.GLOCKNER AND B. HACKETT; USUN/MR FOR  
B.RASHKOW, C. NORMAN

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TAGS: [PREL](#) [PGOV](#) [SF](#)

SUBJECT: PRETORIA RESPONSE ON CANDIDATES FOR HEAD OF UN/OIOS

REF: STATE 117720

Classified By: Political Counselor Walter N.S. Pflaumer for reasons 1.4  
(b) and (d).

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Summary  
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¶1. (C) With respect to the three South Africans under Department consideration for possible nomination as head of the U.N. Office of Internal Oversight Services (OIOS) (reftel), post herein provides assessments of the three individuals' backgrounds, reputations, and overall suitability. While all three candidates have sufficiently weighty resumes, including in the realm of U.N. auditing, each has his own drawbacks. Shauket Fakie is strongly associated in South Africa with helping to covering up an arms trade scandal under pressure from implicated senior politicians. Terence Nombembe appears a safer candidate, albeit one who has yet to make his most important contributions at home. Mervyn King has the most leadership flair and despite a few sketchy business ties is likely the strongest choice of the three. End Summary.

¶2. (C) Inputs are based on online research plus discussion with local staff at post and an external Embassy contact. Post received no feedback from the SAG's Department of International Relations and Cooperation (DIRCO), but we will pursue a formal SAG opinion in future if any of the three candidates is shortlisted.

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Fakie: Compromised by Political Scandal  
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¶3. (C) Shauket Allie Fakie has an extensive background in accountancy and audit, in South Africa and multilaterally. After qualifying as a chartered accountant, he was a partner in an audit firm in Australia then a consultant with Ernst & Young in South Africa. Moving into the public sector, he rose from provincial level to the highest national office of Auditor General (AG) for the term 1999-2006, reporting to Parliament. He also served in regional audit positions with the Southern African Development Community (SADC) and as CEO of the office responsible for auditing the World Health Organization, reporting to the U.N. General Assembly.

¶4. (C) As South Africa's AG, Fakie was credited for managerial competence, but he was excoriated by press and public for apparently caving to political pressure on the country's largest ever corruption scandal. Gavin Woods, a member of the Audit Commission charged with oversight of the AG's office (and member of an opposition party), wrote in 2006 that "the office has been impressively professionalised

and modernised" and "an impressive amount of work has been done in order to raise the general auditing performance," yet "it is the arms deal investigation... (that) cost Fakie the respect of much of South Africa." Fakie acceded to the governing ANC (the party under investigation) in allowing his inquiry to be secret, without customary parliamentary oversight. Woods characterizes the inquiry report as "evasive, inconclusive... non-findings," with Fakie scrambling to cover up contradictory leaks and "quash and dismiss such challenges," all driven by a "preoccupation with not upsetting members of the executive."

15. (C) Embassy contact Advocate Peter Mothle defended Fakie as a victim of local South African context, but he conceded that rightly or not Fakie would be dogged by his involvement in the arms scandal. Mothle is a South African judge and senior counsel, former anti-apartheid and human rights activist, and trusted Embassy contact. He maintained that Fakie is a strong person in his own right, but in the arms affair he was constrained by the weak powers of his office. In the arms deal scandal, "the culprit is the ANC," said Mothle, not only for the corruption in question but also for holding such a stranglehold over every arm of government that even ostensibly "independent" watchdogs like the AG are in fact under ANC control. "In most countries the AG wouldn't succumb, but the fabric of South Africa is like that...They all cave in. It was just convenient to point to Fakie" as the scapegoat. Nonetheless, Mothle agreed Fakie would be indelibly tarred by the arms controversy in any U.N. nomination process, and no SAG politicians would stand up to defend him.

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Nombembe: Promising - but Not Yet Ripe?  
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16. (C) Terence Nombembe's career path is similar to Fakie's, for whom he was deputy AG before himself becoming AG for the term of 2006-13. Nombembe rose through private sector auditing with such major multinationals as Unilever and BP, then was a founding partner in a local auditing firm, before moving to government service. As national AG of a U.N. member state, he serves on the U.N. Board of Auditors where he now holds for 2009-10 the rotating chairmanship. As AG he has built on Fakie's efforts to improve the quality of public audits, an uphill battle against government departments woefully short of skilled officers. Nombembe appears regularly in the press, which follows his continual reporting to Parliament of unsatisfactory audits, routine failures by ministries to meet reporting requirements, and apparent widespread corruption as numbers do not add up or are simply unavailable.

17. (C) Nombembe's persona in the press has a workaday tone, a bit lacking in personality, but that could easily be a function of the technical task he manages and the difficult hand he has been dealt. When he assumed the AG post in 2006, Business Day reporter Linda Ensor said he was "bursting with enthusiasm and... ambitious plans" to clean up accounting, root out corruption, and improve the image of his office still under the cloud left by Fakie. (Note: although he inherited the arms deal mess, Nombembe declined to reopen a proper investigation, evidently preferring to dodge the whole controversy. End Note.) Ensor described Nombembe as a "quiet, humble, affable man" who was also known as "strong and stubbornly independent" in the face of political pressure. Three years on, in October 2009 respected columnist Steven Friedman wrote sympathetically of the "frustration" of Nombembe, who was "understandably unhappy at the slight progress his office has achieved." Friedman referred to the AG office as "one of the unsung successes" of the past 15 years, praising Nombembe's commitment even if as a "well-meaning technician" his impact had been limited.

¶8. (C) Mothle shared Friedman's views, adding that Nombembe is "at a critical stage on the corruption issue, where he is going to be key," so a U.N. nomination could meet with a backlash from those leading the charge for transparency. Mothle chuckled and said he did not mean to block opportunities for Nombembe, and politically it would be wonderful to see an African in such a U.N. role, but for now "We really need him here.... If he left now it would be a crisis." Mothle confided that when Nombembe first assumed the AG title, he required a bit of extra coaching and was seen as a bit unready or unripe, but that he is growing into the role and shows real promise of leaving a positive mark on South Africa. In this context, Mothle agreed that Nombembe should be considered for the next OIOS cycle, in 2015.

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King: Supremely Qualified, Somewhat Controversial  
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¶9. (C) Mervyn E. King is supremely qualified to head up the OIOS, drawing on a career focused on corporate governance and public policy. His work has been at the highest levels, including as a judge on the Supreme Court of South Africa and including as a judge on the Supreme Court of South Africa and at the ICC International Court of Arbitration in Paris; and extending internationally to work with the World Bank, the British Commonwealth, Asian Centre, and United Nations. At the latter in 2006 he chaired the Eminent Persons' Committee on governance and oversight of the U.N. itself, perhaps an ideal stepping stone to the OIOS. Within South Africa he is best known for leading the so-called King Committee to formulate standards of corporate governance, first published in 1992 and adopted by the Johannesburg Stock Exchange (JSE). (Various versions of the codes, updated in 2002 and 2008, are commonly known as "King 1," "King 2," and "King 3.") His executive leadership roles have spanned private companies, chambers of commerce and business federations, and academic and athletic organizations.

¶10. (C) King's reputation is overwhelmingly a positive one, but some critics have accused him of parlaying that reputation into lucrative appointments with companies needing the cover of legitimacy. His long list of chairmanships and directorships shows that his name carries great value -- but his detractors charge that he has lent that prestige for profit. Business weekly The Financial Mail in a July 2007

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article acknowledged that King was "the face of SA corporate governance" but charged he "often appears to be the exemplar in brand more than in substance." Elsewhere the media has alleged that in two cases -- for a dodgy furniture company and a family trust immersed in a fraud scandal -- he accepted appointments to remove the taint of corporate misconduct.

¶11. (C) More generally, some commentators suggest that King is as much a promoter of himself as of his principles. The Financial Mail quotes an unnamed international governance expert as saying, "Cadbury never referred to his report as the Cadbury Report... but the King Report is presented as all about me." The Mail cites a JSE consultant on social responsibility as saying, "King has done a lot. He's a figurehead and provides guidance, but whether he's the right guy to carry the brand or not, I don't know." In a similar vein, Mothle cautioned that he does not know King well, but his overall impression is that King "seems a bit prone to publicity... I can't say if I see him as a diplomat." With his dizzying list of paid part-time engagements (see [www.mervynking.co.za](http://www.mervynking.co.za)), concentrated in South Africa where he is a big fish in a small pond, King might be unwilling to accept a full-time five-year commitment based in faraway New York.

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Comment: Tainted, Premature, or Flashy?  
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¶12. (C) All three candidates have strong and relevant career qualifications for the OIOS role. Each has even served in an oversight capacity within U.N. bodies. Qualities of character and leadership are what most differentiate the three, with each man having his own drawbacks. Fakie will forever bear the taint of allegedly burying the inquiry into the country's most serious and top-level corruption case -- which ongoing inquiries in the U.K. and Germany could any day unveil. Nombembe appears a competent candidate, albeit one who has not yet made his full mark in South Africa and would be a better candidate in future. King undoubtedly has the greatest status as an innovator and trail blazer, and his high-flyer persona and business ties are unlikely to dog him beyond the small media circles of South Africa. King is probably the strongest choice of the three, but his age of 73 in 2010 may make him loathe to take on a five-year job so far from home. End Comment.

GIPS